

COUNCIL ON HUMAN SERVICES

MINUTES

MARCH 13, 2013

COUNCIL

Mark Anderson
Roger Hartman
Jim Miller
Mark Peltan
Roberta Yoder
Phyllis Hansell (absent)
Guy Richardson (absent)

EX-OFFICIO MEMBERS

Senator Jack Whitver (absent)
Senator Amanda Ragan (absent)

STAFF

Chuck Palmer
Jean Slaybaugh
Rick Shults
Sally Titus

Nancy Freudenberg
Wendy Rickman
Jennifer Vermeer
Linda Miller

GUESTS

Dennis Tibben, Iowa Medical Society
Sandi Hurtado-Peters, Department of Management
Kristie Oliver, Coalition for Family and Children Services

Mark Peltan, Chair, called the Council meeting to order at 10:01 am on Wednesday, March 13, 2013, in the first floor conference rooms of the Hoover Building.

Roll Call

All Council members present with the exception of Hansell and Richardson. Ex-officio legislative members Senator Jack Whitver and Senator Amanda Ragan were also absent.

Rules

Nancy Freudenberg, Bureau of Policy Coordination, presented the following rules to Council.

1. Amendments to Chapters 79 & 83, Medicaid. Implements home and community-based services waiver rate changes. (Federal and state initiative) (Filed emergency in December 2012)

Freudenberg said these rules were adopted and filed in January.

A motion was made by Anderson to approve and seconded by Yoder. MOTION UNANIMOUSLY CARRIED.

2. Amendments to Chapter 110, Child Care. Eliminates the restriction for using a cellphone as a primary telephone in a registered child development home.

Freudenberg said no comments were received and no revisions were made to the noticed rule.

A motion was made by Miller to approve and seconded by Hartman. MOTION UNANIMOUSLY CARRIED.

Report of Notice Action

Council and staff discussed the following noticed action rules. Clarification questions were asked by members and answered by staff.

N-1. Amendments to Chapter 78, Medicaid. Implements conversion of billing codes used to bill waiver services. Makes changes to standard definitions. Removes exclusion of case management and targeted case management under general service standards for each waiver.

N-2. Amendments to Chapter 78, Medicaid. Implements revisions to rules due to billing code changes and standardization of definitions.

N-3. Amendments to Chapter 79, Medicaid. Updates unit of service changes for waiver services.

N-4. Amendments to Chapter 79, Medicaid. Changes unit time and rate definitions for HCBS waiver and habilitation services. Aligns reimbursement with new billing code definitions. Increases rates to equalize service rates across programs.

N-5. Amendments to Chapter 79, Medicaid. Clarifies existing rules for when a medical assistance provider will not or cannot provide records to support billed services.

N-6. Amendments to Chapter 79, Medicaid. Clarifies rules regarding reviews and audits in the medical assistance program.

N-7. Amendments to Chapter 81, Medicaid. Allows nursing facilities to collect additional payment above the Medicaid payment from residents and families who desire a private room.

N-8. Amendments to Chapters 110 & 170, Child Care. Implements legislative mandate that DHS conduct national criminal history checks on all registered child development homes, child care homes, and providers receiving child care assistance payments starting July 1, 2013.

A motion was made by Yoder to accept the Report of Noticed Action and seconded by Anderson. MOTION UNANIMOUSLY CARRIED.

Approval of Minutes

A motion was made by Miller to approve the February 13, 2013, minutes and seconded by Yoder. MOTION UNANIMOUSLY CARRIED.

Jim Miller left the meeting at 10:25 a.m.

Sequestration Update

Jean Slaybaugh, Chief Financial Officer, distributed information prepared by the Department of Management (DOM) regarding the federal sequestration. (Material on file in Director's Office.)

Slaybaugh said staff have been monitoring federal activities for months. Fortunately, the impact of the sequestration on DHS is slightly less than \$3 million. The Department has many programs, some of them large, that are exempt from the sequester. These programs include Medicaid, Child Support Recovery, Adoption, Foster Care Assistance, and the Temporary Assistance for Needy Families (TANF) program.

Slaybaugh advised the total impact under the federal Budget Control Act is \$109 billion. The number has changed somewhat because Congress has shifted things to lessen the impact. Slaybaugh stated Iowa has received updates on a bi-weekly basis for the last two months and, more recently, on a weekly basis and the numbers are tending to come down slightly. Thus, the numbers in the document she shared are not necessarily the final numbers.

Slaybaugh reviewed the programming affected by the biggest impacts, such as \$1.1 million in the child care development fund. She said this is already calculated into our estimates so we don't anticipate any adverse impacts in the program as a result. Services will continue to be provided to all children enrolled in the program. The \$1.1 million will not need to be made up from some other source.

Some of the other bigger reductions, totaling approximately \$300,000, will be in Promoting Safe and Stable Families and Child Welfare Services. Also, a \$190,000 reduction will occur in the mental health block grant. The Social Services Block Grant will be reduced approximately \$850,000 and Slaybaugh explained how this impact will be managed.

Slaybaugh said federal agencies are starting to send information on how they will be implementing the sequester. DHS will see some changes in federal money over, potentially, the next two quarters of the federal fiscal year. The impact, for the most part, will fall into State Fiscal Year (SFY) 2014 for DHS.

Slaybaugh also advised the U.S. House has proposed a bill in which Medicaid and Supplemental Nutrition Assistance are block grants. This would mean these federal programs would be capped at a certain amount for each state. There is a chance we'll continue to operate without a formal federal budget for some time.

Peltan asked if we budget within the Department for more people becoming eligible for services due to the economy. Slaybaugh said staff prepare two-year budget projections so we do take those trends and impacts into consideration.

Director Palmer provided Council with an explanation of block grants. He said block grants have worked well for Iowa in welfare reform as the number of people on welfare has been reduced. Health care; however, is an inflating environment, unlike welfare reform, so block grants can be uncertain from the standpoint of trying to manage the program. This reinforces the Governor's concern about taking on an expansion where we don't know for sure what will happen in the future.

Legislative/Budget Update for Adult, Children & Family Services

Wendy Rickman, Division Administrator for Adult, Children & Family Services, provided an update on the Division's budget. The child welfare budget currently projects a \$300,000 surplus. The child care budget is being monitored closely and current projections are for a \$1.5 million surplus in FY 2013. It was noted; however, that a small deficit is being projected to occur in the child care budget for SFY14 and SFY15.

Rickman discussed trends in the child care program noting that 90% of those receiving assistance are working. The overall steepness of the growth is definitely slowing but looking at monthly data, those folks coming on and off assistance is dramatic as well those that change providers. Rickman said quarterly meetings are held with the Governor's Office and the Legislative Services Agency staff on the trends in this area.

Rickman said the adoption subsidy program is also being monitored closely. The year started with a \$1 million projected deficit and it's now at \$1.1 million; however, the Governor's budget has provided Children's Health Insurance Program (CHIP) contingency funds to address this shortfall. Rickman also advised of Adoption Saturday which started as a national effort to bring a focus to the adoption process. Polk County holds this event in November and it is a great event to attend. Another event also held is a picnic in the summer to celebrate families that have reunified during the year. She shared this event began in Iowa and has now gone to the national level.

Peltan asked if most kids are adopted to out-of-state families. Rickman replied that a majority of our children are adopted to in-state foster parents or by relatives. The out-of-state adoptions we see are typically relative adoptions.

Rickman also advised that Family Investment Program (FIP) caseloads are decreasing at the level expected. To date, we are 150 cases below budget. The Supplemental Nutrition Assistance Program (SNAP) / Food Assistance (FA) caseloads are approximately 2% below expectations. SNAP continues to increase but slower than projected. Rickman hopes this is a sign of the economy improving.

Rickman said it has been a busy legislative session. In the Income Maintenance area, staff are tracking on the Affordable Care Act (ACA) Medicaid expansion and providing data. Also, there has been federal legislation that limits a person's ability to receive cash from their FIP benefits at certain establishments. DHS has not received final federal guidance but has put together legislation and the initial bill would outline this as being fraud. Thus, if the Department receives a complaint it would be turned over to the Department of Inspections and Appeals and, if found to be true, it would be considered fraud and the recipient would be held accountable for the benefit.

In the area of child welfare, the county attorney bill flew through the House. Rickman said there are ongoing conversations with legislators about the impacts of the bill and what difficulties the Department thinks this presents for child welfare.

Rickman said the other bill we're tracking in child welfare comes out of a workgroup legislators formed regarding the child abuse registry. Three areas of pending legislation are 1) appeal times, 2) length of time on the registry, and 3) differential response. This legislation has passed the House Judiciary Committee but the county attorneys still have issues with the way DHS crafted the bill. A meeting has taken place to discuss the issues and we will try to come to a consensus on what their concerns are. Rickman stated that 80% of our cases are denial of critical care and 70% are not substantiated. The question for the county attorneys is how many of these are actually going to be prosecuted.

Rickman said the child care arena does not have any large bills this year.

Legislative/Budget Update for Mental Health/Disability Services

Sally Titus, Deputy Director, updated Council on current legislative activities regarding mental health redesign.

As Council is aware, there was a legislative commitment to work with counties to help them during this past transition period. The House and the Senate passed an appropriation of \$11.6 million for this transition. There is still ongoing discussion on how this appropriation will be spent. It was noted there are still a fairly large number of counties that have not paid their Medicaid bills from a year ago and the Senate is proposing transition money be used to cover these expenses.

Titus provided an overview of the activity of the Senate in regard to mental health redesign. She said the Senate began their work reviewing the compilation of workgroup recommendations. She said there is currently a Senate File bill that proposes moving the payment of mental health advocates, currently provided by the counties, to the court system. This bill would also move the administration of the mental health advocacy system under the Department of Human Rights. Other areas of this bill deal with eliminating the intellectual disability commitment processes and merging application processes for both mental health and substance abuse disorder. Discussion is also occurring on creating a centralized data system to locate psychiatric beds in the state, the issue of equalization among counties, and payment mechanisms to the counties/regions.

Titus said the Senate is also focusing on the establishment of a Children's Cabinet. Already the interest to serve on such a committee is high.

Titus distributed a map detailing the potential, emerging regionalization by county alignment. She said these are tentative alignments as DHS is aware of them. Polk County has filed an application requesting exemption from becoming a region. Jefferson and Carroll Counties have submitted letters of intent for an exemption from regionalization and, as of today, Van Buren County is undecided.

Council and staff had a lengthy discussion on what is driving county decisions for alignment. Discussion centered around alignment of Central Point Coordinators (CPCs); historical relationships, and county financial situations.

Lastly, Titus updated Council on a House bill that would have the Department provide residential services to individual sex offenders who may be living in nursing facilities or residential care facilities. DHS would be responsible to serve those persons who are unable to secure their own setting and coordination is to occur with the Department of Corrections. Division Administrator Shults has been working with legislators to review the specifics of the legislation and ascertain who would be eligible. Titus said the Senate approach is for the Department of Inspections and Appeals, Department of Corrections, and DHS to create a workgroup to study the issue.

Anderson asked if DHS will be working toward a stand-alone facility? He said no matter what is done it will be very expensive. Titus agreed.

Titus said staff are extremely busy with ongoing conversations with legislators and all those interested in the redesign legislation. Council will continue to be updated on this area.

Medicaid Issues

Jennifer Vermeer, Medicaid Director, distributed two handouts regarding Medicaid expansion and the Healthy Iowa Plan. (Materials are on file in the Director's Office.)

Vermeer stated that when the Medicaid expansion law was originally enacted the expansion was mandatory. A Supreme Court ruling changed this law in the summer of 2012 that then made it optional for states.

The option would expand Medicaid to 138% of the federal poverty level for anyone and the program would no longer be tied to categories. There are many changes to how income is calculated and this would happen irrespective of the decision about expansion.

As Council has previously talked at length about all the different changes to streamline eligibility, Vermeer reviewed the different eligibility groups and the different categories impacted by expansion. She also reviewed the differences

between Medicaid expansion and regular Medicaid and also between Medicaid and a commercial insurance plan.

Vermeer reviewed the costs/savings associated with Medicaid expansion as well as the fiscal impact to the state. Medicaid expansion is not included in the Governor's budget.

She said the Department contracted with Milliman to estimate the impact of the expansion on Medicaid enrollment. The report showed the expansion would increase enrollment between 110,000 to 181,000 Iowans over three years. Of this total, 50,000 to 80,000 of these individuals are already eligible for Medicaid but are not enrolled. Eighty thousand to 123,000 individuals would be newly eligible adults receiving the 100% federal match in the early years but then phasing down to 90% federal match by 2020. It also assumes the state will move some groups currently on Medicaid to the exchange resulting in a reduction in Medicaid enrollment by 22,300 members.

Vermeer said regardless of the expansion, statutory changes need to be made to be in compliance with the Affordable Care Act (ACA) as well as the Modified Adjusted Gross Income (MAGI) and streamlined enrollment.

Vermeer shared that today, the Hospital Association released an economic impact statement regarding Medicaid expansion. She said the Milliman report focused exclusively on the fiscal and enrollment impacts to the State's budget. It didn't address county savings or other economic impacts. The Hospital Association's report does look at overall economic impacts and discusses estimated savings to hospitals from reductions in charity care. The Hospital Association used an Urban Institute report on the enrollment and fiscal impacts. She shared the estimated savings as noted in the Hospital Association's report.

Vermeer said the Governor has put forward an alternative to the IowaCare program as it is set to expire on December 31, 2013. The Governor's Healthy Iowa Program would cover everyone below 100% of the federal poverty level (FPL). Individuals above 100% FPL are eligible for tax credits to purchase coverage through the exchange.

The proposal would use Accountable Care Organizations (ACOs) being established around the state to deliver health care. This would provide greater access to local services through those ACOs as opposed to everyone using the Federally Qualified Health Centers (FQHCs) and the two hospitals, Broadlawns Medical Center and the University of Iowa Hospitals and Clinics, that IowaCare now uses.

Personal responsibility measures are an important part of this plan. It would include monthly premiums and cost-sharing for members based on their income,

not to exceed 5% of their total income. The idea would be that every member would make a financial contribution to the benefits they are receiving.

There is a design to provide positive incentives for healthy behaviors. Each member would have a “healthy account”, for example, to make required monthly contributions to, matched by the state to help pay for out-of-pocket expenses. Individuals can earn bonus contributions by demonstrating proactive, preventive health measures and possibly have their deductible or cost-sharing reduced.

Vermeer discussed the financing strategy and the belief that this is more sustainable because it’s under the regular Medicaid match rate rather than doing the expansion. The current amount that is set aside for this fits within the Governor’s current budget projections for two and five years.

Peltan asked if we would have to prepare a waiver application for the Healthy Iowans plan. Vermeer responded yes. Vermeer replied the Centers for Medicare and Medicaid Services (CMS) told states they will accept applications for either renewals or new 1115 waivers. Vermeer shared the timelines for submitting an application.

Peltan and Anderson requested this topic be an agenda item every month for the next few months.

Council Members’ Update

Yoder said she has three classes left in her master’s program and will finish on August 2, 2013.

Anderson said earlier this week he attended Lutheran Day on the Hill at the Capitol. He advised it was well attended and said there were several keynote speakers and conversations with legislators. Palmer shared that Wendy Rickman spoke to this group. Anderson said he heard she did very well.

Peltan said that Jim Miller and Roger Hartman’s last meeting is in April and Council will be having lunch at the Latin King after the meeting.

Peltan said Council had earlier discussed possibly traveling to a facility for its May meeting. As three new Council members will be joining the Council in May, this would not be the best time to travel. It was the consensus of the Council to wait until the new members join and then make plans to travel.

Director’s Report

Deputy Director Sally Titus said the Senate Human Appropriations Sub-Committee will probably pass an appropriation bill tomorrow. Staff will then begin the review of comparing it to the Governor’s budget.

Titus said with the hiring of a State Chief Information Officer (CIO) there will be a realignment of technology staff and technology services within the state. There will be implications for our staff in Central Office who provide technology supports as well as those staff in the facilities and field offices. It will be a new arrangement of how we support our technology and how we develop new applications.

Director Palmer shared there is legislative interest in doing something in the area of Autism, particularly in the House. This is an area that could, over time, expand significantly. He thinks the approach of the House, initially, could be fairly small but will generate increased pressure and expectations to grow into the future.

Peltan asked if we included Autism in certain definitions of services. Palmer confirmed. Palmer said DHS does provide service for autistic children who have low IQs as they meet the definition of intellectual disability. However, many people in the autism spectrum do not have low IQs so they would not fall under our present program.

Palmer said with the passing of funnel week, staff are now reviewing bills. Legislative differences in the budget still need to be worked through.

Next Meeting

The next meeting of the Council on Human Services will be Wednesday, April 10, 2013.

A motion was made by Anderson to adjourn and seconded by Hartman.
MOTION UNANIMOUSLY CARRIED.

Council adjourned at 1:20 p.m.

Submitted by,

Linda Miller
Recording Secretary

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